



March 19, 2025

(Translation)

To Whom It May Concern,

Company name	Adastria Co., Ltd.
Representative	Osamu Kimura, Representative Director and President (Securities code: 2685 TSE Prime Market)
Inquiries	Itsuo Iwakoshi, Senior Vice President, General Manager of Administration Division, Head of Corporate Planning Office (TEL:03-5466-2060)

**Notice Regarding the Liquidation of a U.S. Subsidiary (Specified Subsidiary)**

At a meeting held today, the Adastria Co., Ltd. (the "Company") Board of Directors resolved to liquidate Adastria USA, Inc., a specified subsidiary and an intermediate holding company in the United States.

1. Reasons for Liquidation

The Company established Adastria USA, Inc. in February 2017 as an intermediate holding company in the United States to acquire expertise in the U.S. brand business. In April 2017, the Company acquired Velvet, LLC ("VV"), which operated in the U.S. contemporary apparel market. After acquisition, the Company focused on expanding the performance of VV by strengthening its wholesale business while enhancing directly managed stores and e-commerce operations in the U.S., successfully navigating the challenges posed by the COVID-19 pandemic. The Company implemented measures to expand directly managed stores and implement cost-cutting measures in response to the increasingly challenging business environment in recent years. However, the U.S. business recorded a significant decline in profits for the fiscal year ended December 2024. Furthermore, a swift recovery through structural reforms is unlikely due to rising tensions in international trade.

Against this backdrop, the Company decided to withdraw from the U.S. business and liquidate Adastria USA, Inc., determining that optimizing and reallocating management resources in its international operations will contribute to greater corporate value. Meanwhile, the Company is in the process of selecting a suitable transferee for VV to ensure the brand's continued operation and growth.

Through this resolution, the Company aims to enhance the overall corporate value of the Group by allocating overseas business resources more effectively and focusing on strategic growth in Southeast Asia.

2. Overview of the Specified Subsidiary to Be Liquidated

(1) Name	Adastria USA, Inc.	
(2) Location	Delaware, U.S.	
(3) Representative name and title	Yoshioki Tanaka (Representative Director)	
(4) Business lines	Intermediate holding company	
(5) Capital	USD 43 million (JPY 4,781 million)	
(6) Established	February 2017	
(7) Investors and investment ratio	Adastria Co., Ltd. 100.0%	
(8) Relationship with Adastria Co., Ltd.	Equity relationship	Adastria USA, Inc. is a wholly owned subsidiary and specified subsidiary of Adastria Co., Ltd.
	Personal relationships	Adastria Co., Ltd. employee serves as representative director of Adastria USA, Inc.

	Business relationships	Adastria Co., Ltd. lends funds to Adastria USA, Inc. Adastria USA, Inc. engages in product sales and purchases with Adastria Co., Ltd.	
(9) Most-recent operating results and financial condition of the Target Company (consolidated)			
Fiscal Year End	FYE 12/2022	FYE 12/2023	FYE 12/2024 (*) Nine Months Ended Sep. 30, 2024
Net assets	1,152 million yen	2,563 million yen	2,244 million yen
Total assets	3,884 million yen	5,474 million yen	5,133 million yen
Net sales	7,222 million yen	7,477 million yen	5,601 million yen
Operating profit	402 million yen	62 million yen	(389) million yen
Ordinary profit	395 million yen	46 million yen	(410) million yen
Net income	373 million yen	1,323 million yen	(356) million yen

\* Figures for the fiscal year ended December 2024 represent the operating results and financial position for the nine months ended September 2024 (January to September 2024), based on currently available information.

### 3. Liquidation Schedule

March 19, 2025	The Company Board of Directors approves the resolution for liquidation
April 2025 (Planned)	The Adastria USA, Inc. Board of Directors and Shareholders' Meeting approve the resolution for liquidation

\*The Company expects to complete the liquidation around June 2026, pending the completion of all necessary procedures under local laws.

### 4. Future Outlook

While detailed assessments are ongoing, the Group expects the liquidation of Adastria USA, Inc. to have a minimal impact on its consolidated financial results for the fiscal year ended February 28 2025 and the fiscal year ending February 28 2026. The company will promptly disclose any matters that arise in the future that require disclosure.

End